

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

Charter Township of South Haven
Van Buren County, Michigan
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
Year ended December 31, 2005

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Charter Township of South Haven
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Charter Township of South Haven's (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended December 31, 2005. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net assets increased by \$151 thousand (10 percent) as a result of this year's activities.
- Of the \$1.7 million total net assets reported, \$1.4 million (80 percent) is unrestricted, or available to be used at the Board's discretion.
- The General Fund's unreserved, undesignated fund balance at the end of the fiscal year was \$826 thousand, which represents 137 percent of the actual total General Fund expenditures for the current fiscal year.

Overview of the financial statements

The Township's basic financial statements are comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township, reporting the Township's operations in more detail than the government-wide financial statements.
 - Governmental fund statements tell how general government services, like public safety, were financed in the short-term, as well as what remains for future spending.
 - Fiduciary fund statements provide information about the financial relationships in which the Township acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-wide financial statements

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

Charter Township of South Haven
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The two government-wide statements report the Township's net assets and how they have changed. Net assets (the difference between the Township's assets and liabilities) are one way to measure the Township's financial health or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors, such as changes in the Township's property tax base and the condition of the Township's capital assets.

The government-wide financial statements present *governmental activities*. These activities include functions most commonly associated with government (e.g., general government, public safety, public works, parks, etc.). Property taxes and intergovernmental revenues generally fund these services.

Fund financial statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond agreements.
- The Township Board establishes other funds to control and manage money for particular purposes (like the Debt Service Fund, a major fund) or to show that it is properly using certain other revenues (like the Fire and Ambulance, and other governmental funds).

The Township has two kinds of funds:

- **Governmental funds.** Most of the Township's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out and, (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statements that explains the relationship between them.
- **Fiduciary funds.** These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the government. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Township's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

Charter Township of South Haven
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

Net assets. Total net assets at the end of the fiscal year were \$1.7 million, an increase of 10 percent compared to the prior year. Of this total, \$270 thousand is invested in capital assets and \$78 thousand is restricted for public safety. Consequently, unrestricted net assets were \$1.4 million, or 80 percent of the total.

	<i>Governmental activities</i>	
	<u>2005</u>	<u>2004</u>
Current assets	\$ 1,894,765	\$ 1,949,530
Noncurrent assets	<u>3,866,283</u>	<u>3,990,617</u>
Total assets	<u>5,761,048</u>	<u>5,940,147</u>
Current liabilities	949,512	1,040,180
Noncurrent liabilities	<u>3,083,697</u>	<u>3,323,287</u>
Total liabilities	<u>4,033,209</u>	<u>4,363,467</u>
Net assets:		
Invested in capital assets	270,015	248,129
Restricted	77,751	2,608
Unrestricted	<u>1,380,073</u>	<u>1,325,943</u>
Total net assets	<u>\$ 1,727,839</u>	<u>\$ 1,576,680</u>

Charter Township of South Haven
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Changes in net assets. The Township's total revenues are \$1.3 million. Nearly 46 percent of the Township's revenues come from property taxes, nearly 26 percent come from state grants and another 23 percent come from charges for services.

The total cost of all the Township's programs, covering a wide range of services, totaled \$1.1 million. More than 40 percent of the Township's costs relate to the provision of public safety. General government costs account for 20 percent of the costs and public works costs account for 8 percent of the Township's total costs.

Condensed financial information
Changes in Net Assets

	<i>Governmental activities</i>	
	<i>2004</i>	<i>2005</i>
Program revenues:		
Charges for services	\$ 374,336	\$ 298,686
Operating grants and contributions	3,665	5,900
Capital grants and contributions	-	20,672
General revenues:		
Property taxes	601,666	598,433
State shared revenue	320,083	334,043
Interest income	7,292	28,070
Miscellaneous	23,225	3,790
Total revenues	<u>1,330,267</u>	<u>1,289,594</u>
Expenses:		
Legislative	3,895	4,205
General government	225,200	227,873
Public safety	509,895	464,741
Public works	103,306	90,425
Health and welfare	59,902	63,138
Community and economic developmen	40,055	48,012
Culture and recreation	60,407	69,481
Interest	233,275	170,560
Total expenses	<u>1,235,935</u>	<u>1,138,435</u>
Increase in net assets	<u>\$ 94,332</u>	<u>\$ 151,159</u>

Charter Township of South Haven
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Governmental activities. Governmental activities increased the Township's net assets by \$151 thousand. The increase was the result of capital grants and a decreased contract cost for fire and ambulance services.

The cost of all governmental activities this year was \$1.1 million. After subtracting the direct charges to those who directly benefited from the programs (\$299 thousand), and operating and capital grants (\$27 thousand), the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$813 thousand.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental funds. As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1.5 million, an increase of \$113 thousand in comparison with the prior year. Of the total fund balances, 59 percent constitutes unreserved fund balance, which is available for spending at the Township's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed (1) for future capital projects (\$51 thousand) and (2) for amounts advanced to the South Haven Township - Casco Township Water and Wastewater Treatment Authority (\$529 thousand).

The General Fund is the chief operating fund of the Township. At the end of the fiscal year, unreserved fund balance was \$826 thousand, which represents 137 percent of the actual total General Fund expenditures for the current fiscal year. Total fund balance increased by \$37 thousand during the fiscal year primarily due to increased tax revenue and the payoff of the Peterson Drain in fiscal year ending December 31, 2004.

The Fire and Ambulance Fund experienced an increase in fund balance of \$75 thousand. The increase was created due to a decrease in contract amount for ambulance services.

The Debt Service Fund experienced no change in fund balance as all special assessments collected are then remitted to the South Haven Township - Casco Township Water and Wastewater Treatment Authority for payment of debt service requirements.

General fund budgetary highlights

The Township did not amend the General Fund budget during the year.

Revenues, including an operating transfer to cover a portion of police service costs, were \$76 thousand more than budgeted amounts. The operating transfer of the same amount was made from the Police Fund, representing the amount of the approved Police tax millage, but was not included in the budget. General Fund expenditures were \$65 thousand more than appropriated. The revenue in excess of budget exceeded the expenditure overages, which resulted in a net \$24 thousand positive net change in fund balance, instead of the budgeted increase of \$13 thousand.

Excess expenditures over budget for building inspections of \$32 thousand were offset by actual permit and fee revenues of \$28 thousand more than budget, both were not anticipated in the budget. Other negative expenditure variances included highway and streets (\$12 thousand) representing unanticipated road project costs, an unbudgeted airport authority appropriation (\$25 thousand), and higher than anticipated planning and zoning costs (\$20 thousand) and building and grounds costs (\$10 thousand).

Charter Township of South Haven
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Capital assets and debt administration

Capital assets

The Township's investment in capital assets for its governmental activities as of December 31, 2005, amounts to \$270 thousand (net of accumulated depreciation). This investment includes a broad range of assets, including land, buildings, equipment, and share of road costs. The increase in the Township's net investment in capital assets for the current fiscal year was \$22 thousand.

Major capital asset events during the current fiscal year included the following:

- Share of road construction on 6th and 16th Avenues for \$31 thousand
- Server and Computer workstations for \$7 thousand

More detailed information about the Township's capital assets is presented in Note 7 of the notes to the basic financial statements.

Long-term debt

At the end of the fiscal year, the Township had total long-term debt outstanding in the amount of \$3.3 million, which represents \$3.2 million in assessments being collected for the payment of four water and sewer bonds issued by Allegan and Van Buren Counties, and \$32 thousand due to Van Buren County for the Township's share of drain costs.

The Township pays amounts collected on assessments to the South Haven Township - Casco Township Water and Wastewater Treatment Authority (the Authority). The Authority then makes bond payments to the Counties when due. The Township is contingently liable for \$8.4 million of outstanding water and sewer system bonds payable, in excess of the amounts, which are to be repaid from collections of special assessments currently levied against properties within the Township. The Township has pledged its full faith and credit toward the total amounts due and anticipates that additional future assessments and other customer charges will be used to pay the contract liabilities. However, since the inception of the Authority, the Township has advanced \$529 thousand to cover required debt service payments in excess of amounts available to the Authority.

More detailed information about the Township's long-term liabilities is presented in Note 8 of the notes to the basic financial statements.

Economic condition and outlook

At December 31, 2005, approximately \$1.4 million is available for appropriation in the General Fund budget.

Small increases in property taxes are again expected in 2006, resulting in an overall increase in total revenues.

The Township has not added major new programs or initiatives to the 2006 budget. Certain costs, for example for police services, are likely to increase.

Charter Township of South Haven
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Overall, the General Fund's fund balance is expected to increase slightly in 2006.

The Township was required to make an additional \$235 thousand advance to the Authority to cover debt service costs in April, 2006. The advance will be included in cumulative amounts receivable from the Authority, and will not reduce the General Fund's fund balance. However, this amount will reduce the cash available for future appropriations.

Revenues and expenditures in the other governmental funds are approximately equal each year. These funds record approved tax levies for specific purposes, including police, fire and ambulance, library, hospital and debt service costs, which are paid to the appropriate entities annually. There are no significant fund balances in these governmental funds, except for fire and ambulance (\$78 thousand), which the millage rate has been reduced for 2006 as a result in decreased charges for ambulance services.

Contacting the Township's financial management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Charles R. Stein, Jr., Township Supervisor	Phone: (269) 637-3305
Charter Township of South Haven	
09761 Blue Star Memorial Highway	
South Haven, Michigan 49090	

INDEPENDENT AUDITORS' REPORT

**Board of Trustee's
Charter Township of South Haven, Michigan**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Charter Township of South Haven, Michigan, as of December 31, 2005, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Charter Township of South Haven, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Charter Township of South Haven, Michigan, as of December 31, 2005, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information, on pages 20 through 22, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**Board of Trustees
Charter Township of South Haven, Michigan
Page 2**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of South Haven, Michigan's, basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sigfried Crandall P.C.

March 6, 2006

BASIC FINANCIAL STATEMENTS

Charter Township of South Haven**STATEMENT OF NET ASSETS**

December 31, 2005

	<u>Governmental activities</u>
ASSETS	
Current assets:	
Cash	\$ 1,189,018
Receivables (net)	698,865
Prepaid expenses	<u>6,882</u>
Total current assets	<u>1,894,765</u>
Noncurrent assets:	
Receivables (net)	3,596,268
Capital assets (net of accumulated depreciation)	<u>270,015</u>
Total noncurrent assets	<u>3,866,283</u>
Total assets	<u>5,761,048</u>
LIABILITIES	
Current liabilities:	
Payables	178,658
Deferred revenue	579,961
Current portion of long-term obligations	<u>190,893</u>
Total current liabilities	<u>949,512</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>3,083,697</u>
Total liabilities	<u>4,033,209</u>
NET ASSETS	
Invested in capital assets	270,015
Restricted - public safety	77,751
Unrestricted	<u>1,380,073</u>
Total net assets	<u>\$ 1,727,839</u>

See notes to financial statements

Charter Township of South Haven
STATEMENT OF ACTIVITIES
Year ended December 31, 2005

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (expenses) revenues and changes in net assets</u>
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	
Governmental activities:					
Legislative	\$ 4,205	\$ -	\$ -	\$ -	\$ (4,205)
General government	227,873	43,746	-	-	(184,127)
Public safety	464,741	71,933	2,100	-	(390,708)
Public works	90,425	2,911	3,800	20,672	(63,042)
Health and welfare	63,138	-	-	-	(63,138)
Community and economic development	48,012	9,536	-	-	(38,476)
Culture and recreation	69,481	-	-	-	(69,481)
Debt service - interest	<u>170,560</u>	<u>170,560</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total governmental activities	 <u>\$1,138,435</u>	 <u>\$ 298,686</u>	 <u>\$ 5,900</u>	 <u>\$ 20,672</u>	 <u>(813,177)</u>
General revenues:					
Taxes					598,433
State grants					334,043
Investment income					28,070
Other					<u>3,790</u>
 Total general revenues					 <u>964,336</u>
 Change in net assets					 151,159
 Net assets - beginning					 <u>1,576,680</u>
 Net assets - ending					 \$ 1,727,839

See notes to financial statements

Charter Township of South Haven
BALANCE SHEET - governmental funds
December 31, 2005

	<u>General</u>	<u>Fire and Ambulance</u>	<u>Debt Service</u>	<u>Total nonmajor governmental funds</u>	<u>Total governmental funds</u>
ASSETS					
Cash	\$ 840,343	\$ 165,924	\$ 119,975	\$ 62,776	\$ 1,189,018
Receivables	<u>691,725</u>	<u>207,993</u>	<u>3,242,296</u>	<u>153,119</u>	<u>4,295,133</u>
Total assets	<u>\$1,532,068</u>	<u>\$ 373,917</u>	<u>\$3,362,271</u>	<u>\$ 215,895</u>	<u>\$ 5,484,151</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Payables	\$ 58,683	\$ -	\$ 119,975	\$ -	\$ 178,658
Deferred revenue	<u>67,900</u>	<u>296,166</u>	<u>3,242,296</u>	<u>215,895</u>	<u>3,822,257</u>
Total liabilities	<u>126,583</u>	<u>296,166</u>	<u>3,362,271</u>	<u>215,895</u>	<u>4,000,915</u>
Fund balances:					
Reserved for capital improvements	51,119	-	-	-	51,119
Reserved for advance to water and sewer joint venture	528,718	-	-	-	528,718
Unreserved, undesignated	<u>825,648</u>	<u>77,751</u>	<u>-</u>	<u>-</u>	<u>903,399</u>
Total fund balances	<u>1,405,485</u>	<u>77,751</u>	<u>-</u>	<u>-</u>	<u>1,483,236</u>
Total liabilities and fund balances	<u>\$1,532,068</u>	<u>\$ 373,917</u>	<u>\$3,362,271</u>	<u>\$ 215,895</u>	<u>\$ 5,484,151</u>

Fund balances - total governmental funds \$ 1,483,236

Amounts reported for *governmental activities* in the statement of net assets (page 4) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds. 270,015

Prepaid expenses are not a current financial resource and, therefore, are not reported in the funds. 6,882

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 3,242,296

Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds. (3,274,590)

Net assets of *governmental activities* \$ 1,727,839

See notes to financial statements

Charter Township of South Haven

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - governmental funds

Year ended December 31, 2005

	<u>General</u>	<u>Fire and Ambulance</u>	<u>Debt Service</u>	<u>Total nonmajor governmental funds</u>	<u>Total governmental funds</u>
REVENUES					
Taxes	\$ 105,625	\$ 330,277	\$ -	\$ 202,491	\$ 638,393
Licenses and permits	75,579	-	-	-	75,579
State grants	321,081	-	-	-	321,081
Charges for services	12,447	-	-	-	12,447
Interest and rentals	30,310	-	170,560	-	200,870
Other	20,552	-	322,523	-	343,075
Total revenues	<u>565,594</u>	<u>330,277</u>	<u>493,083</u>	<u>202,491</u>	<u>1,591,445</u>
EXPENDITURES					
Legislative	4,205	-	-	-	4,205
General government	221,664	-	-	-	221,664
Public safety	209,607	255,134	-	-	464,741
Public works	98,360	-	-	-	98,360
Health and welfare	-	-	-	63,138	63,138
Community and economic development	48,012	-	-	-	48,012
Culture and recreation	-	-	-	63,681	63,681
Capital outlay	5,800	-	-	-	5,800
Debt service:					
Principal	16,147	-	322,523	-	338,670
Interest	-	-	170,560	-	170,560
Total expenditures	<u>603,795</u>	<u>255,134</u>	<u>493,083</u>	<u>126,819</u>	<u>1,478,831</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(38,201)</u>	<u>75,143</u>	<u>-</u>	<u>75,672</u>	<u>112,614</u>
OTHER FINANCING SOURCES (USES)					
Operating transfer in	75,672	-	-	-	75,672
Operating transfer out	-	-	-	(75,672)	(75,672)
Total other financing sources (uses)	<u>75,672</u>	<u>-</u>	<u>-</u>	<u>(75,672)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>37,471</u>	<u>75,143</u>	<u>-</u>	<u>-</u>	<u>112,614</u>
FUND BALANCES - BEGINNING	<u>1,368,014</u>	<u>2,608</u>	<u>-</u>	<u>-</u>	<u>1,370,622</u>
FUND BALANCES - ENDING	<u>\$1,405,485</u>	<u>\$ 77,751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,483,236</u>

See notes to financial statements

Charter Township of South Haven

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BALANCES - governmental funds (Continued)**

Year ended December 31, 2005

Net change in fund balances - total governmental funds	\$ 112,614
Amounts reported for <i>governmental activities</i> in the statement of activities (page 5) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$37,858) exceeded depreciation (\$15,972) in the current period.	21,886
Prepaid expenses are not a current financial resource and, therefore, are not reported in the funds.	512
Creation of special assessments do not provide current financial resources to the governmental funds, thereby increasing deferred revenue in the governmental funds. Collections on special assessments receivable is a revenue in the governmental funds, but the collections reduce long-term receivables in the statement of net assets. This is amount by which collections (\$322,523) exceeded new special assessments created (\$20,672) in the current period.	(301,851)
Creation of long-term contracts payable does not require the use of current financial resources in the governmental funds, but creating contracts payable increases long-term liabilities in the statement of net assets. Repayment of contract principal is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments (\$338,670) exceeded contracts created (\$20,672) in the current period.	<u>317,998</u>
Change in net assets of <i>governmental activities</i>	<u>\$ 151,159</u>

See notes to financial statements

Charter Township of South Haven
STATEMENT OF FIDUCIARY NET ASSETS - Agency Fund
December 31, 2005

ASSETS

Cash	\$ <u>420,722</u>
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LIABILITIES

Payables	\$ <u>420,722</u>
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See notes to financial statements

Charter Township of South Haven
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Charter Township of South Haven, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

Charter Township of South Haven
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) *Measurement focus, basis of accounting, and financial statement presentation* (continued):

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire and Ambulance Fund accounts for the operating contributions made to the joint venture described in Note 11.

The Debt Service Fund accounts for the issuance and payment of debt related to Water and Sewer improvements.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). The Township has elected not to follow subsequent private-sector standards.

The Township reports a single fiduciary fund, Agency Fund, which accounts for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

d) *Assets, liabilities, and net assets or equity:*

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

iv) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 (\$10,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Charter Township of South Haven
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) *Assets, liabilities, and net assets or equity* (Continued):

iv) *Capital assets* (continued) - Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning January 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Land improvements	20 - 40 years
Buildings and improvements	20 - 40 years
Equipment	3 - 5 years
Roads	30 years

v) *Deferred revenue* - In the fund financial statements, governmental funds report deferred revenue in connection with resources that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

vi) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vii) *Special assessment recognition* - In governmental funds, special assessment revenue is recorded as deferred when initially assessed. Revenues are recognized to the extent that special assessments are collected. Interest income on special assessments receivable is not accrued until its due date.

viii) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is July 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year.

Charter Township of South Haven
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued):

The following schedule sets forth significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	General government	Election	\$ 1,000	\$ 5,042	\$ 4,042
		Assessor	21,000	24,095	3,095
		Hall and grounds	43,000	53,469	10,469
	Public safety	Building inspections	40,000	71,933	31,933
	Public works	Highways and streets	42,500	54,863	12,363
		Transfer station	15,000	18,725	3,725
		Airport authority	-	24,772	24,772
	Community and economic development				-
		Planning and zoning	28,400	48,012	19,612
	Library	Culture and recreation	-	63,681	63,681
	Hospital	Health and welfare	-	37,936	37,936
Police	Other financing uses	Operating transfer out	-	75,672	75,672
Seniors	Health and welfare	Seniors	-	25,202	25,202

NOTE 3 - CASH:

The Township's cash is as follows:

	<u>Governmental activities</u>	<u>Fiduciary</u>	<u>Total</u>
Cash	\$ 1,189,018	\$ 420,722	\$ 1,609,740

State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At December 31, 2005, \$1,318,378 of the Township's bank balances of \$1,569,134 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

Charter Township of South Haven
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - RECEIVABLES:

Receivables as of year end for the government's individual major and nonmajor funds, in the aggregate, are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Property taxes</u>	<u>Special assessments</u>	<u>Inter- governmental</u>	<u>Total</u>
General	\$ 4,853	\$ 48,156	\$ -	\$ 638,716	\$ 691,725
Fire and ambulance	-	207,993	-	-	207,993
Library	-	48,157	-	-	48,157
Hospital	-	28,690	-	-	28,690
Police	-	57,221	-	-	57,221
Seniors	-	19,051	-	-	19,051
Debt service	-	-	3,242,296	-	3,242,296
Totals	<u>\$ 4,853</u>	<u>\$ 409,268</u>	<u>\$ 3,242,296</u>	<u>\$ 638,716</u>	<u>\$ 4,295,133</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,067,550</u>	<u>\$ 528,718</u>	<u>\$ 3,596,268</u>

All receivables are considered fully collectible.

NOTE 5 - PROPERTY TAXES:

The Township property tax is levied on each December 1 on the taxable valuation of property (as defined by state statutes) located in the Township as of the preceding December 31.

Although the Township 2005 ad valorem tax is levied and collectible on December 1, 2005, it is the Township's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of this levy are budgeted and made "available" for the financing of operations.

The 2005 taxable valuation of the Township totaled \$117,150,193, on which ad valorem taxes levied consisted of the following:

<u>Fund</u>	<u>Millage rate</u>	<u>Purpose</u>	<u>Taxes raised</u>
General	0.5797	Township operations	\$ 67,900
Fire and ambulance	2.6000	Fire and ambulance	296,166
Library	0.5797	Library	67,900
Hospital	0.3454	Hospital	40,452
Police	0.6888	Police	80,681
Seniors	0.2294	Senior services	26,862

These amounts are recognized in the financial statements as taxes receivable, with an offsetting credit to deferred revenue. Taxes are considered delinquent on March 1, of the following year, at which time penalties and interest are assessed.

Charter Township of South Haven
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - DEFERRED REVENUES:

Governmental funds report deferred revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenues are as follows:

<i>Fund</i>	<i>Property taxes unearned</i>	<i>Special assessments unavailable</i>	<i>Total</i>
General	\$ 67,900	\$ -	\$ 67,900
Fire and ambulance	296,166	-	296,166
Library	67,900	-	67,900
Hospital	40,452	-	40,452
Police	80,681	-	80,681
Seniors	26,862	-	26,862
Debt service	-	3,242,296	3,242,296
Totals	<u>\$ 579,961</u>	<u>\$ 3,242,296</u>	<u>\$ 3,822,257</u>

NOTE 7 - CAPITAL ASSETS:

Capital asset activity for the year ended December 31, 2005, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated - land	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>
Capital assets being depreciated:				
Land improvements	44,189	-	-	44,189
Buildings and improvements	178,640	-	-	178,640
Equipment	52,915	6,934	-	59,849
Infrastructure - shared road costs	<u>56,622</u>	<u>30,924</u>	<u>-</u>	<u>87,546</u>
Subtotal	<u>332,366</u>	<u>37,858</u>	<u>-</u>	<u>370,224</u>
Less accumulated depreciation for:				
Land improvements	21,094	1,655	-	22,749
Buildings and improvements	116,463	6,452	-	122,915
Equipment	44,793	5,548	-	50,341
Infrastructure - shared road costs	<u>1,887</u>	<u>2,317</u>	<u>-</u>	<u>4,204</u>
Subtotal	<u>184,237</u>	<u>15,972</u>	<u>-</u>	<u>200,209</u>
Total capital assets being depreciated (net)	<u>148,129</u>	<u>21,886</u>	<u>-</u>	<u>170,015</u>
Governmental activities capital assets, net	<u>\$ 248,129</u>	<u>\$ 21,886</u>	<u>\$ -</u>	<u>\$ 270,015</u>

Charter Township of South Haven
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - CAPITAL ASSETS (Continued):

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 13,655
Public works	<u>2,317</u>
 Total	 <u>\$ 15,972</u>

NOTE 8 - LONG-TERM LIABILITIES:

Long-term debt at December 31, 2005, is comprised of the following individual issues:

Special assessments:

\$80,735 2003 North Phoenix Drain assessment, due to Van Buren County without interest in annual installments through 2007.	<u>\$ 32,294</u>
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Contracts payable:

\$631,508 1995 and 1997 water and sewer assessments, due to Allegan County in annual installments through 2017; interest at approximately 6.2%.	407,698
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\$1,470,023 1998 water and sewer assessments, due to Van Buren County in annual installments through 2019; interest at approximately 5.8%.	776,429
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\$1,915,388 1999 water and sewer assessments, due to Van Buren County in annual installments through 2020; interest at approximately 6.3%.	990,980
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\$1,212,372 2000 water and sewer assessments, due to Van Buren County in annual installments through 2021; interest at approximately 6.3%.	682,324
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\$437,116 contracts payable, due to South Haven and Casco Township Water and Wastewater Treatment Authority in various annual installments; interest at approximately 6.0%	<u>384,865</u>
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Total contracts payable	<u>3,242,296</u>
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Total long-term liabilities	<u>\$ 3,274,590</u>
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Charter Township of South Haven
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - LONG-TERM LIABILITIES (Continued):

Long-term liability activity for the year ended December 31, 2005, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
2003 Phoenix Drain	\$ 48,441	\$ -	\$ (16,147)	\$ 32,294	\$ 16,147
Contracts payable - 1997	451,821	-	(44,123)	407,698	23,886
Contracts payable - 1998	858,785	-	(82,356)	776,429	37,468
Contracts payable - 1999	1,084,952	-	(93,972)	990,980	41,612
Contracts payable - 2000	759,136	-	(76,812)	682,324	25,929
Contracts payable	<u>389,453</u>	<u>20,672</u>	<u>(25,260)</u>	<u>384,865</u>	<u>45,851</u>
Total long term liabilities	<u>\$ 3,592,588</u>	<u>\$ 20,672</u>	<u>\$ (338,670)</u>	<u>\$ 3,274,590</u>	<u>\$ 190,893</u>

Debt service requirements at December 31, 2005, were as follows:

	<u>Principal</u>	<u>Interest</u>
Year ended December 31:		
2006	\$ 190,893	\$ 198,820
2007	201,552	188,160
2008	196,717	176,850
2009	208,718	164,847
2010	221,454	152,110
2011 - 2015	1,107,758	553,241
2016 - 2020	1,082,667	210,460
2021 - 2025	<u>64,831</u>	<u>4,084</u>
Totals	<u>\$ 3,274,590</u>	<u>\$ 1,648,572</u>

The Township is contingently liable for \$12,119,672 of outstanding water and sewer system contracts payable in excess of the amounts, which are to be repaid from collections of special assessments currently levied against properties within the Township. The Township has pledged its full faith and credit toward the total amounts due and anticipates that additional future assessments and other customer charges will be used to pay the contract liabilities.

Charter Township of South Haven
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - PAYABLES:

<u>Fund</u>	<u>Accounts</u>	<u>Inter- governmental</u>	<u>Total</u>
General	\$ 9,171	\$ 49,512	\$ 58,683
Debt service	-	119,975	119,975
Total	<u>\$ 9,171</u>	<u>\$ 169,487</u>	<u>\$ 178,658</u>

NOTE 10 - INTERFUND TRANSFERS:

A summary of interfund transfers for the year ended December 31, 2005, is as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Fund</u>	<u>Transfer out</u>
General	<u>\$ 75,672</u>	Police	<u>\$ 75,672</u>

The transfer to the General Fund represents restricted revenues collected in the Police Fund to pay for operational costs of the public safety functions accounted for in the General Fund.

NOTE 11 - JOINT VENTURES:

The Township, together with the Township of Casco, established a joint water and sewage treatment authority under the provisions of Public Act 233 of 1955, in order to acquire and operate water and sewage treatment systems to benefit both townships. The Township has advanced \$528,718, including \$85,704 during the year ended December 31, 2005, for its share of certain costs of the authority, and anticipates reimbursement in the future.

The Township has joined the City of South Haven and the Townships of Casco and Geneva in establishing a joint emergency services authority (the Emergency Authority) to provide fire and ambulance services in the Authority's area of operation, which includes the Township of South Haven. The operations of the Authority are financed by taxes levied annually within the participating units of government.

The Township has joined the Cities of South Haven and Bangor and the Townships of Casco, Geneva, and Covert in establishing a joint regional airport authority (the Airport Authority) to provide airfield services in the Airport Authority's area of operation, which includes the Charter Township of South Haven. The operations of the Airport Authority are financed by annual contributions within the participating units of government, as well as, hangar rentals and fuel sales. During the year ended December 31, 2005, the Township contributed \$24,772 towards the Airport Authority's operations.

Charter Township of South Haven
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 13 - DEFINED CONTRIBUTION PENSION PLAN:

The Township provides pension benefits for substantially all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Officials are eligible to participate from the date they are elected to office. The Township contributes 5% of each qualified employee's base salary or \$300, whichever is more, to the plan. The Township's contributions are fully vested immediately. The Township made the required contributions of \$4,340 for the year ended December 31, 2005. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

NOTE 14 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended December 31, 2005, is as follows:

Revenues	\$ 71,933
Expenses	<u>71,933</u>
Excess of revenues over expenses	<u>\$ -</u>

REQUIRED SUPPLEMENTARY INFORMATION

Charter Township of South Haven
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended December 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 145,000	\$ 145,000	\$ 105,625	\$ (39,375)
Licenses and permits	45,000	45,000	75,579	30,579
State grants	335,000	335,000	321,081	(13,919)
Charges for services	2,000	2,000	12,447	10,447
Interest and rentals	5,840	5,840	30,310	24,470
Other	19,000	19,000	20,552	1,552
Total revenues	<u>551,840</u>	<u>551,840</u>	<u>565,594</u>	<u>13,754</u>
EXPENDITURES				
Legislative	<u>4,300</u>	<u>4,300</u>	<u>4,205</u>	<u>95</u>
General government:				
Supervisor	30,500	30,500	29,222	1,278
Election	1,000	1,000	5,042	(4,042)
Assessor	21,000	21,000	24,095	(3,095)
Clerk	21,863	21,863	21,576	287
Board of review	1,000	1,000	1,140	(140)
Treasurer	29,313	29,313	16,354	12,959
Hall and grounds	43,000	43,000	53,469	(10,469)
Other	79,809	79,809	70,766	9,043
Total general government	<u>227,485</u>	<u>227,485</u>	<u>221,664</u>	<u>5,821</u>
Public safety:				
Police	140,000	140,000	137,674	2,326
Building inspections	40,000	40,000	71,933	(31,933)
Total public safety	<u>180,000</u>	<u>180,000</u>	<u>209,607</u>	<u>(29,607)</u>
Public works:				
Highways and streets	42,500	42,500	54,863	(12,363)
Transfer station	15,000	15,000	18,725	(3,725)
Airport authority	-	-	24,772	(24,772)
Total public works	<u>57,500</u>	<u>57,500</u>	<u>98,360</u>	<u>(40,860)</u>

Charter Township of South Haven
BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)
Year ended December 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Community and economic development - planning and zoning	<u>\$ 28,400</u>	<u>\$ 28,400</u>	<u>\$ 48,012</u>	<u>\$ (19,612)</u>
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>5,800</u>	<u>(800)</u>
Debt service - principal	<u>36,000</u>	<u>36,000</u>	<u>16,147</u>	<u>19,853</u>
Total expenditures	<u>538,685</u>	<u>538,685</u>	<u>603,795</u>	<u>(65,110)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	13,155	13,155	(38,201)	(51,356)
OTHER FINANCING SOURCES				
Transfer from Police Fund	<u>-</u>	<u>-</u>	<u>75,672</u>	<u>75,672</u>
NET CHANGES IN FUND BALANCES	13,155	13,155	37,471	24,316
FUND BALANCES - BEGINNING	<u>1,368,014</u>	<u>1,368,014</u>	<u>1,368,014</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 1,381,169</u>	<u>\$ 1,381,169</u>	<u>\$ 1,405,485</u>	<u>\$ 24,316</u>

Charter Township of South Haven**BUDGETARY COMPARISON SCHEDULE - Fire and Ambulance Fund**

Year ended December 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 335,000	\$ 335,000	\$ 330,277	\$ (4,723)
EXPENDITURES				
Public safety	<u>335,000</u>	<u>335,000</u>	<u>255,134</u>	<u>79,866</u>
NET CHANGES IN FUND BALANCES	-	-	75,143	75,143
FUND BALANCES - BEGINNING	<u>2,608</u>	<u>2,608</u>	<u>2,608</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 2,608</u>	<u>\$ 2,608</u>	<u>\$ 77,751</u>	<u>\$ 75,143</u>

SUPPLEMENTARY INFORMATION

Charter Township of South Haven
COMBINING BALANCE SHEET - nonmajor governmental funds
December 31, 2005

	<i>Special revenue funds</i>				<i>Total</i>
	<i>Library</i>	<i>Hospital</i>	<i>Police</i>	<i>Seniors</i>	
ASSETS					
Cash	\$ 19,743	\$ 11,762	\$ 23,460	\$ 7,811	\$ 62,776
Receivables	<u>48,157</u>	<u>28,690</u>	<u>57,221</u>	<u>19,051</u>	<u>153,119</u>
Total assets	<u>\$ 67,900</u>	<u>\$ 40,452</u>	<u>\$ 80,681</u>	<u>\$ 26,862</u>	<u>\$ 215,895</u>
LIABILITIES					
Deferred revenue	<u>\$ 67,900</u>	<u>\$ 40,452</u>	<u>\$ 80,681</u>	<u>\$ 26,862</u>	<u>\$ 215,895</u>

Charter Township of South Haven**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - nonmajor governmental funds**

Year ended December 31, 2005

	Special revenue funds				Total
	<u>Library</u>	<u>Hospital</u>	<u>Police</u>	<u>Seniors</u>	
REVENUES					
Taxes	\$ 63,681	\$ 37,936	\$ 75,672	\$ 25,202	\$ 202,491
EXPENDITURES					
Health and welfare	-	37,936	-	25,202	63,138
Culture and recreation	63,681	-	-	-	63,681
Total expenditures	63,681	37,936	-	25,202	126,819
EXCESS OF REVENUES OVER EXPENSES	-	-	75,672	-	75,672
OTHER FINANCING USES					
Operating transfer out	-	-	(75,672)	-	(75,672)
NET CHANGES IN FUND BALANCES	-	-	-	-	-
FUND BALANCES - BEGINNING	-	-	-	-	-
FUND BALANCES - ENDING	\$ -	\$ -	\$ -	\$ -	\$ -